

Message Text

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DODE-00 FEAE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04

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E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: IEA: CONCLUSIONS OF THE DECEMBER 29 GOVERNING
BOARD MEETING ON THE LONG TERM PROGRAM

REF: IEA/GB(75)99

1. THERE FOLLOWS THAT PORTION OF THE TEXT OF THE REFER-
ENCED DOCUMENT WHICH RELATES TO THE LONG TERM PROGRAM.
BEGIN TEXT

LONG TERM PROGRAMME IEA/GP(7)81

(1ST REVISION)

PLUS CORRIGENDUM

GOVERNING BOARD IEA/GB(75)85

IEA/GB(75)89

IEA/GB(75)97

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IEA/GB(75)98

(A) AGREED THAT DELEGATIONS SHALL SUBMIT TO THEIR RESPECTIVE AUTHORITIES THE DRAFT LONG TERM CO-OPERATION PROGRAMME, PREPARED BY THE SECRETARIAT FOLLOWING THE GOVERNING BOARD'S DISCUSSION AND CONTAINED IN DOCUMENT IEA/GB(75)81 (2ND REVISION), AND AGREED TO CONSIDER THAT PROGRAMME FOR ADOPTION AT THE NEXT MEETING OF THE GOVERNING BOARD. (NOTE: CHAPTER V REMAINS OPEN FOR DISCUSSION.)

(B) AGREED THAT IN THE FIRST INSTANCE THE PROGRAMME WOULD BE SUBMITTED FOR ADOPTION AS A GOVERNING BOARD DECISION BUT THAT, AFTER CERTAIN DECISIONS ARE TAKEN BY 1ST JULY, 1976 AS FORESEEN IN THE PROGRAMME, THE GOVERNING BOARD WILL RETURN TO THE QUESTION OF WHETHER THE PROGRAMME SHOULD ALSO BE THE SUBJECT OF A SEPARATE INTERNATIONAL AGREEMENT.

(C) NOTED THE INTENTION OF THE CHAIRMAN TO PREPARE BY 10TH JANUARY, 1976:

(I) WITH THE COLLABORATION OF THE CANADIAN DELEGATION, A DRAFT TEXT CONCERNING THE FULL PARTICIPATION OF CANADA UNDER THE FIRST FOUR CHAPTERS OF THE PROGRAMME, THE CANADIAN PARTICIPATION IN THE REVIEW PROCEDURE AND THE SUI GENERIS SITUATION OF CANADA WITH RESPECT TO CHAPTER V OF THE PROGRAMME;

(II) A DRAFT DECLARATION OF THE CHAIRMAN TAKING INTO ACCOUNT THE DISCUSSION IN THE BOARD ON POINTS OF CONCERN TO DELEGATIONS UNDER CHAPTER V, INCLUDING A REFERENCE TO THE DIFFERENT SITUATIONS OBTAINING IN EACH PARTICIPATING COUNTRY;

(III) A DRAFT DECLARATION OF THE CHAIRMAN IN WHICH IT WOULD BE MADE CLEAR THAT DUE TO THE NEED FOR AN OVERALL BALANCE OF BURDENS AND BENEFITS OF THE COMMITMENTS TO BE TAKEN BY PARTICIPATING COUNTRIES IN THE PROGRAMME, THE COMMITMENT CONTAINED IN CHAPTER III, SECTION D, PARAGRAPH 12(B) MAKES IT IMPORTANT FOR PARTICIPATING COUNTRIES THAT THE GUIDING PRINCIPLES OF CHAPTER III, SECTION C, PARAGRAPH 5 AND THE COMMITMENT IN CHAPTER V SHOULD BE FULLY IMPLEMENTED IN THE SPIRIT OF THE PROGRAMME;

(IV) A PAPER ON THE VOTING RULE TO BE APPLIED BY THE GOVERNING BOARD IN ADOPTING THE DECISION FORESEEN LIMITED OFFICIAL USE

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IN PARAGRAPH 1 OF THE ANNEX TO THE PROGRAMME.

(D) NOTED THE INTENTION OF THE CHAIRMAN TO MAKE AN ORAL STATEMENT, TO THE EFFECT THAT:

"WITH REGARD TO CHAPTER III, SECTION C, PARAGRAPH 5, THE ADOPTION OF THE GUIDING PRINCIPLES FOR SPECIFIC CO-OPERATIVE PROJECTS DOES NOT IMPLY NEW CONTRACTUAL OBLIGATIONS OF CONTRACTING

PARTIES IN REGARD TO THEIR PARTICIPATION IN, OR THE IMPLEMENTATION OF, SPECIFIC CO-OPERATIVE PROJECTS."

(E) REQUESTED THE SECRETARIAT TO PREPARE, IN CONSULTATION WITH THE NEW ZEALAND DELEGATION, A DRAFT DECISION CONCERNING THE EXCEPTION TO BE MADE FOR NEW ZEALAND UNDER CHAPTER III, SECTION D, PARAGRAPH 3(C) OF THE PROGRAMME.

(F) WITH REGARD TO CHAPTER III, SECTION D, PARAGRAPH 3(C), REQUESTED THE SECRETARIAT TO CONSULT WITH THE DELEGATION OF TURKEY ABOUT THE SUBMISSION OF A PRECISE PROPOSAL REGARDING OIL SUPPLY ARRANGEMENTS BETWEEN TURKEY AND CERTAIN OTHER COUNTRIES.

(G) NOTED THE FOLLOWING DRAFT ENTRIES IN THE CONCLUSIONS OF THE GOVERNING BOARD TO BE CONSIDERED BY THE GOVERNING BOARD WHEN THE LONG TERM PROGRAMME IS ADOPTED:

(I) WITH REGARD TO CHAPTER III, SECTION D, PARAGRAPH 1, THE CONCEPT OF "IMPORTED OIL SOLD IN THE DOMESTIC MARKET" SHALL BE UNDERSTOOD TO INCLUDE IMPORTED OIL CONSUMED IN ANY WAY WITHIN THE TERRITORY OF THE PARTICIPATING COUNTRY OR THE GROUP OF PARTICIPATING COUNTRIES CONCERNED;

(II) FOR THE PURPOSE OF CHAPTER III, SECTION D, PARAGRAPH 3(B), THE FOLLOWING AGREEMENTS ARE REGARDED AS FREE TRADE AREA AGREEMENTS: EFTA AND THE TRADE AGREEMENTS BETWEEN THE EEC AND OTHER PARTICIPATING COUNTRIES, WHICH WOULD BE ITEMIZED);

(III) THE TERM "OIL PRODUCED" IN CHAPTER III, SECTION D, PARAGRAPH 3(B) REFERS TO CRUDE OIL PRODUCED OR TO OIL PRODUCTS PRODUCED FROM THAT CRUDE OIL;

(IV) IT IS UNDERSTOOD THAT WITH REGARD TO THE EXCEPTIONS TO THE DEFINITION OF IMPORTED OIL SET FORTH LIMITED OFFICIAL USE

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IN CHAPTER III, SECTION D, PARAGRAPH 3, DUE CONSIDERA-

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TION SHOULD BE PAID TO THE MAINTENANCE OF A FAIR
BALANCE BY APPROPRIATE MEANS BETWEEN THE
COUNTRIES WHICH CAN TAKE ADVANTAGE OF EXCEPTIONS AND
THOSE WHICH CANNOT;

(V) WITH REGARD TO CHAPTER III, SECTION D, PARA-
GRAPH 5(A), EACH PARTICIPATING COUNTRY WILL ADOPT SUCH
MEASURES AS IT CONSIDERS APPROPRIATE TO
ENSURE COMPATIBILITY BETWEEN THE MEANS BY WHICH IT
IMPLEMENTS THE MSP COMMITMENT AND OBLIGATIONS ARISING
FROM EXISTING INTERNATIONAL AGREEMENTS SUCH AS THE
GATT ETC.;

(VI) THE PRE-AGREED PERIOD REFERRED TO IN CHAPTER
III, SECTION D, PARAGRAPH 10(A) WILL BE LONGER THAN
30 DAYS;

(VII) THE STANDING GROUP ON LONG TERM CO-OPERATION,
IN CARRYING OUT THE TASK SET FORTH IN ANNEX I, PARA-
GRAPH 4(B), SHALL ALSO ANALYSE THE ECONOMIC NECESSITY
OF THE INCLUSION OF THE OIL PRODUCTS REFERRED TO IN
PARAGRAPH 4(B) FOR THE EFFECTIVENESS OF THE MSP SCHEME;

(VIII) IN RELATION TO ANNEX I, PARAGRAPH
4(B), IN DECIDING ABOUT THE INCLUSION OF THE PRODUCTS
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IN QUESTION, ACCOUNT SHOULD BE TAKEN OF THE DIFFERENT
IMPORT PATTERNS OF OIL PRODUCTS AMONG PARTICIPATING
COUNTRIES, SO AS TO ENSURE AN EQUITABLE
BALANCE BETWEEN COUNTRIES WITH VARYING DEPENDENCE ON
IMPORTED PRODUCTS;

(IX) DECISIONS TAKEN UNDER PARAGRAPH 4(B) OF ANNEX
I, ON THE INCLUSION OF PRODUCTS, SHALL BE TAKEN BY

UNANIMITY;

(X) IN ADHERING TO THE DECISION ADOPTING THE PROGRAMME, NORWAY SHALL HAVE THE SAME OBLIGATIONS AND ENJOY THE SAME RIGHTS AS PARTICIPATING COUNTRIES UNDER THE PROGRAMME AND IN RESPECT OF SUBSEQUENT GOVERNING BOARD DECISIONS WHICH ARE TAKEN WITHIN THE CONTEXT OF THE PROGRAMME OR WHICH MODIFY OR APPLY IT.

(H) NOTED THE FOLLOWING STATEMENTS WHICH CERTAIN PARTICIPATING COUNTRIES ARE CONSIDERING FOR INCLUSION IN THE MINUTES OF THE GOVERNING BOARD MEETING AT THE TIME OF ADOPTION OF THE LONG TERM PROGRAMME:

(I) THE DELEGATES FOR THE EEC MEMBER COUNTRIES:

THE PARTICIPATING COUNTRIES, MEMBERS OF THE EUROPEAN COMMUNITIES, BELGIUM, DENMARK, GERMANY, IRELAND, ITALY, LUXEMBOURG, THE NETHERLANDS AND THE UNITED KINGDOM, DECLARE THAT THEY RESERVE THE RIGHT TO FULFILL AND EXECUTE THE PROVISIONS IN THE PROGRAMME THROUGH COMMUNITY MEASURES.

TO THE EXTENT THAT THE PROGRAMME GIVES THE CHOICE OF IMPLEMENTING ITS PROVISIONS THROUGH MEASURES, WHICH DO NOT FALL WITHIN THE COMPETENCE OF THE MEMBER STATES OF THE EUROPEAN COMMUNITIES, BUT WITHIN THE COMPETENCE OF THOSE COMMUNITIES, THE IMPLEMENTATION OF THOSE MEASURES CAN ONLY BE CARRIED OUT BY DECISIONS TAKEN BY THESE COMMUNITIES;

(II) THE DELEGATES FOR THE EEC MEMBER COUNTRIES:

THE PARTICIPATING COUNTRIES, MEMBERS OF THE EUROPEAN COMMUNITIES, BELGIUM, DENMARK, GERMANY, IRELAND, ITALY, LUXEMBOURG, THE NETHERLANDS AND THE UNITED KINGDOM, INTERPRET THE WORDS OF CHAPTER III, SECTION D, PARAGRAPH 3(C), "SPECIAL CO-OPERATIVE AGREEMENT OR ARRANGEMENTS", AS INCLUDING CO-OPERATIVE AGREEMENTS OR ARRANGEMENTS CONCLUDED BY THE LIMITED OFFICIAL USE

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EUROPEAN COMMUNITIES;

(III) THE DELEGATE FOR GERMANY:

IN AGREEING TO THE LONG TERM CO-OPERATION PROGRAMME, THE DELEGATIONS FOR GERMANY, ITALY AND THE NETHERLANDS ASSUME THAT THE GOVERNMENTS OF THE IEA PARTICIPATING COUNTRIES WILL REMOVE EXISTING REGULATIONS AND NOT INTRODUCE ANY NEW REGULATIONS WHICH LEAD TO INDUSTRY IN THE IEA COUNTRIES CONCERNED BEING SUPPLIED WITH INDIGENOUS OIL AT PRICES BELOW THE WORLD MARKET LEVEL OR BELOW THE MSP;

(IV) THE DELEGATE FOR CANADA:

THE CANADIAN DELEGATION NOTED THE ASSUMPTION STATED IN PARAGRAPH (III) ABOVE AND REAFFIRMED THAT, ALTHOUGH THE GOVERNMENT OF CANADA DOES

NOT HAVE CONSTITUTIONAL JURISDICTION OVER RETAIL PRICES, IT IS THE PRESENT POLICY OF THE GOVERNMENT OF CANADA THAT DOMESTIC PETROLEUM PRICES INCREASE TOWARDS WORLD MARKET LEVELS, IN A MANNER TO BE DETERMINED BY CONSULTATION WITH CANADIAN PROVINCIAL GOVERNMENTS;

(V) THE DELEGATE FOR THE UNITED STATES:

IN RELATION TO THE ASSUMPTION STATED IN PARAGRAPH (III) ABOVE, IT IS THE PRESENT POLICY OF THE UNITED STATES ADMINISTRATION TO MOVE TOWARDS WORLD PRICES FOR DOMESTICALLY PRODUCED ENERGY, THOUGH REALIZATION OF THIS AIM WILL DEPEND IN LARGE MEASURE ON THE VIEWS ADOPTED BY THE CONGRESS;

(VI) THE DELGATE FOR GERMANY:

THE GERMAN DELEGATION, JOINED BY THE BELGIAN DELEGATION, REGARDS THE PROVISIONS OF CHAPTER V ONLY AS A FIRST STEP IN A DEVELOPING POLICY WHICH WOULD CONTRIBUTE TO A BETTER ORGANISATION OF THE WORLD ENERGY MARKET;

(VII) THE DELEGATE FOR ITALY:

IT IS THE OPINION OF TTHE ITALIAN DELEGATION THAT FEEDSTOCKS FOR THE PETROCHEMICAL INDUSTRY SHOULD BE EXCLUDED FROM THE MSP SCHEME.

IT IS THE UNDERSTANDING OF THE ITALIAN DELEGATION THAT THE PURPOSE OF THE MANDATE GIVEN TO THE STANDING GROUP ON LONG TERM CO-OPERATION IN PARAGRAPH 4(B) OF ANNEX I IS TO SOLVE THE TECHNICAL LIMITED OFFICIAL USE

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QUESTION OF DISTINGUISHING BETWEEN OIL PRODUCTS USED AS FEEDSTOCKS FOR THE PETROCHEMICAL INDUSTRY AND OTHER OIL PRODUCTS SO AS TO CLARIFY AND FACILITATE THE EXCLUSION OF THE ABOVE-MENTIONED FEEDSTOCKS FOR THE PETROCHEMICAL INDUSTRY FROM THE MSP SCHEME.

IT IS FURTHERMORE UNDERSTOOD THAT ANY DECISION ON THIS AND RELATED MATTERS SHALL HAVE TO BE TAKEN BY UNANIMITY.
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